"Rise in prices of essential commodities"

*547. SHRI AMAR SINGH:
SHRI RAMDAS AGARWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that there had been a steep rise in the prices of essential commodities recently and as a result thereof the lower middle class people are the worst sufferers;

(b) if so, what are the reasons for the abnormal rise in the prices and what steps are being taken to check it; and

(c) by when the prices are likely to come down?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Inflation, as measured by the Wholesale Price Index (WPI), was 3.96 per cent on May 6, 2006, down from 5.67 per cent on the corresponding date of the previous year. Average WPI inflation in the 52 weeks ending on May 6, 2006 was 4.19 per cent compared to 6.58 per cent in the corresponding period of the previous year. However, inflation measured by the Consumer Price Index (CPI-IW) at 4.95 per cent in March, 2006 was higher than the 4.17 per cent observed in March 2005. Average CPI inflation in 2005-06 was 4.38 per cent compared to 3.83 per cent in 2004-05.

Table: Annual Rate of Inflation

Movement of point-to-point WPI inflation of essential commodities
(as on the end of 1st week of May)

Commodities	Weight%	2004-05	2005-06	2006-07
1. Decline or no change in absolute prices over		last year		
Coconut Oil	0.2	30.0	-5.8	-19.5
Tea	0.2	7.5	5.8	-9.3
Gur	0.1	27.0	27.1	-2.8
Mustard Oil	0.5	-8.9	-12.6	-2.4
Potatoes	0.3	64.8	15.2	-0.6
Safety Matches	0.1	-2.6	-2.1	-0.6
Coking coal	0.2	11.1	24.2	0.0
Kerosene	0.7	-0.3	-0.3	0.0

Commodities	Weight%	2004-05	2005-06	2006-07
2. Annual Inflation: up to 5%				
Salt	0.0	-2.2	39.8	0.3
Dhoties, sareas & viols	0.0	3.1	1.4	0.6
Vanaspati	0.8	5.8	-4.3	0.7
Long cloth/sheeting	0.1	11.8	-9.8	1.5
Groundnut Oil	0.2	-14.0	-2.9	2.1
Onions	0.1	3.5	-14.3	2.9
Rice	2.4	-3.2	3.8	3.0
Milk	4.4	5.5	0.6	3.1
Bajra	0.1	-18.9	26.6	4.0
Arhar	0.1	1.0	-1.6	4.5
3. Annual inflation: 5% and above				
Sugar	3.6	20.4	15.8	8.0
Jowar	0.2	3.1	5.4	8.2
Mutton	0.4	13.2	1.2	8.2
Atta	0.2	-0.3	2.7	9.5
Wheat	1.4	1.7	1.0	9.9
Masur	0.0	4.3	-0.2	11.1
Household laundry soap	0.2	-3.8	0.0	20.9
Fish-Inland	0.5	-0.5	9.0	21.9
Gram	0.2	-6.0	2.5	27.3
Moong	0.1	-9.1	8.1	42.5
Chillies (Dry)	0.2	-15.6	-21.3	56.9
Urad	0.1	-5.1	9.7	64.1

Sir, as per the latest trend in the WPI, the rate of inflation of the essential commodities witnessed a mixed trend. Overall inflation of 30 essential commodities as on first week of May, 2006 was 6.4 per cent compared to a growth of 3.7 per cent in the corresponding period last year. Commodity-specific inflation trends for the 30 essential commodities are indicated above.

Less domestic production relative to the estimated consumption, hardening of some primary product prices in the international markets and perceived increase in future prices because of the shortfall have been the main reasons for this recent increase. Government carefully monitors the price levels of essential commodities and undertakes measures as required to contain the same. The anti-inflationary policies of the government in the recent past included fiscal and monetary

discipline rationalization of excise and import duties to lighten the burden on the poor; freeze on central issue prices under the targeted public distribution system (TPDS) for wheat and rice; import of wheat to augment supply in the Southern zone; and regular monitoring of retail and wholesale prices of essential commodities.

Loans to farmers

*548. SHRI RAVULA CHANDRA SEKAR REDDY:
DR. VIJAY MALLYA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have approved the release of Rs. 195.66 crores to enable farmers to get refinance facility from NABARD and renew loans to needy farmers;

(b) if so, the details thereof; and

(c) the amount released and utilised so far for various purposes?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Government of Andhra Pradesh has accorded administrative sanction on 11th March 2005 for additional share capital to nine District Central Cooperative Banks (DCCBs) to the extent of their negative net worth of Rs. 195.66 crore for investment in Statutory Liquidity Ratio (SLR) bonds. Infusion of this amount has enabled them to meet the eligibility criteria for refinance by NABARD.

(b) The following DCCBs were the recipients of Rs. 195.66 crore:—

SI. No.	Name of DCCB	Amount (Rs. Crore)
1.	Srikakulam DCCB	12.55
2.	Vizianagarm DCCB	26.45
3.	Nellore DCCB	30.74
4.	Kadapa DCCB	26.30
5.	Mahbubnagar DCCB	15.33
6.	Karimnagar DCCB	18.43
7.	Medak DCCB	26.60
8.	Warangal DCCB	30.36
9.	Kumool DCCB	8.90
	TOTAL	195.66